

# SOLANO COUNTY ECONOMIC FORECAST

For most of the current business cycle, the Solano county economy created jobs at a rapid rate. But job creation has now begun to decelerate. In 2017 the county gained 2,100 jobs, representing a growth rate of 1.5 percent. By comparison, statewide growth was observed at 2.0 percent.

The best performing industries in the county were manufacturing, healthcare, and construction. Solano County has high concentrations in food manufacturing (turning agricultural products into finished foods and beverages) and pharmaceutical manufacturing. Growth in food manufacturing was minimal in 2017, partially the result of layoffs at a dairy plant in Fairfield. But hiring was robust in pharmaceutical manufacturing, an industry that is anchored in Vacaville.

Construction activity fell sharply during the economic downturn of 2007-2009, and remains at relatively modest levels. But it has increased by meaningful amounts in the last few years, and construction companies are adding workers at healthy rates. The jobs created in 2017 were largely associated with housing projects in Fairfield and Vacaville, office and hotel projects in Vacaville, and a new training center for prisoners near Fairfield.

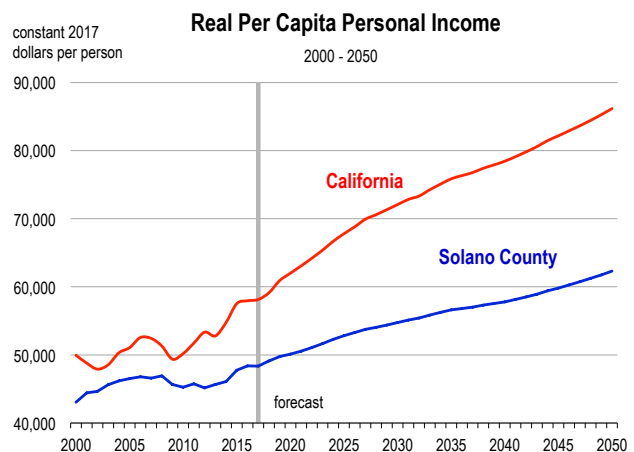
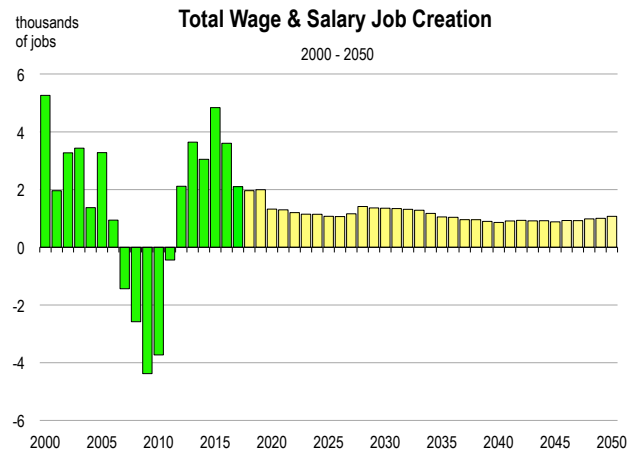
Compared to other parts of the Bay Area, homes in Solano County are highly affordable. In San Francisco and Silicon Valley, households often spend more than 50 percent of their pre-tax income on mortgage payments and rent. In Solano County, the average household spends only 23 percent of its income on housing costs.

Affordable home prices are attracting new residents to Solano County. Population growth has accelerated, with an average of 2,000 net migrants entering the county each year since 2014. But population growth is being restrained by an aging resident base and a falling birth rate. Even with a new surge of net migrants, the county population is only increasing as fast as the statewide average.

The Solano County unemployment rate was very low in 2017, falling to 4.8 percent, which is near its lowest sustainable level. The economy has now reached a “full employment” scenario, meaning that almost everyone who wants a job already has a job. Under such conditions, job creation is expected to decelerate, and further improvements in the unemployment rate will be minimal.

## FORECAST HIGHLIGHTS

- In 2018, total employment will increase by 1.4 percent. From 2018 to 2023, employment growth is expected to average 1.0 percent per year.
- The largest employment gains will be observed in professional services, education and healthcare, and leisure services. Together, these sectors will account for 65 percent of net job creation during the 2018-2023 period.

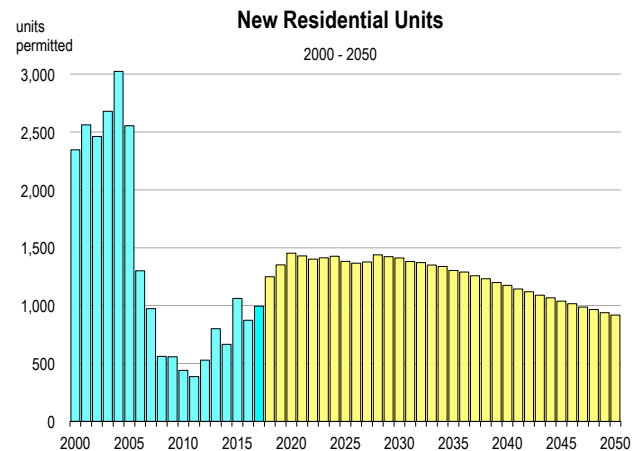
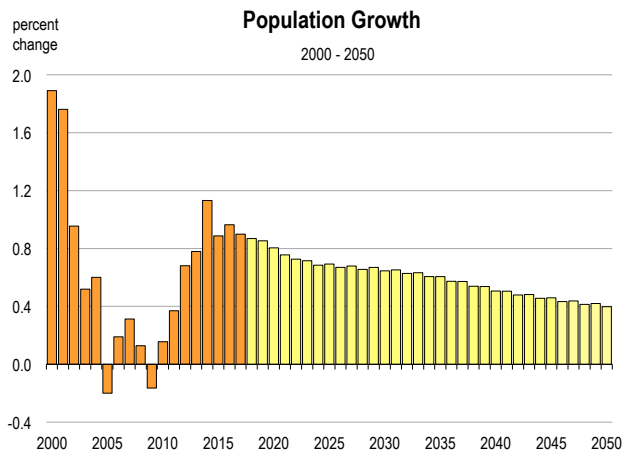


- Average salaries are currently below the California average, and will remain so over the foreseeable future. In Solano County, inflation-adjusted salaries are expected to rise by an average of 0.8 percent per year between 2018 and 2023, well below statewide growth.
- Over the forecast period, an average of 1,400 homes will be authorized per year. Because Solano County has large amounts of buildable land, housing production will spread out into single-family developments, rather than being forced up into multifamily skyscrapers.
- One of the most prominent construction projects will be at the Vallejo Waterfront. This area could get 1,830 new housing units and 562,000 square feet of commercial and industrial space.
- The population is expected to increase by 0.8 percent annually through 2023. An average of 1,500 net migrants will enter the county each year, accounting for almost half of all population growth.

# Solano County Economic Forecast

## 2010-2017 History, 2018-2050 Forecast

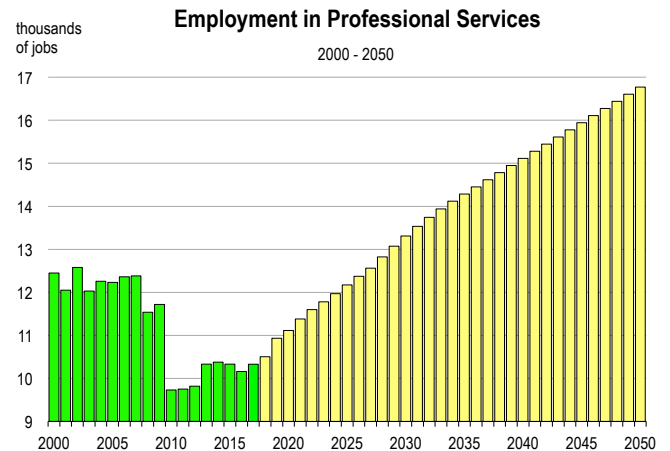
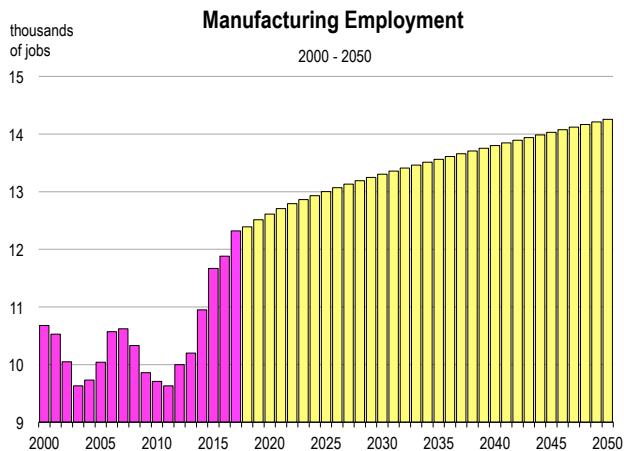
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	413,129	-1,769	371	141.8	441	\$5.2	\$15.5	\$45,263	1.3	313.9	3.0	12.6
2011	414,659	-807	365	142.6	388	\$5.8	\$16.1	\$45,744	2.7	343.7	2.8	12.2
2012	417,480	630	368	143.6	529	\$6.0	\$16.4	\$45,163	2.7	393.5	3.0	10.7
2013	420,732	1,036	381	145.2	800	\$6.4	\$17.1	\$45,666	2.3	391.0	3.1	9.1
2014	425,494	2,515	389	146.1	666	\$6.7	\$18.0	\$46,088	2.8	413.4	3.4	7.5
2015	429,272	1,645	402	147.0	1,063	\$7.0	\$19.3	\$47,743	2.6	376.6	3.6	6.0
2016	433,412	2,142	416	147.6	873	\$7.2	\$20.3	\$48,383	3.1	358.3	3.7	5.5
2017	437,309	1,873	420	149.2	995	\$7.5	\$21.2	\$48,368	3.2	361.1	3.8	4.8
2018	441,108	1,888	428	149.9	1,250	\$7.8	\$22.5	\$49,117	3.7	366.0	4.0	4.4
2019	444,871	1,853	436	151.0	1,352	\$8.2	\$23.7	\$49,740	3.1	371.7	4.1	4.2
2020	448,451	1,667	443	152.3	1,453	\$8.7	\$25.0	\$50,128	4.1	373.5	4.1	4.3
2021	451,841	1,476	450	153.6	1,430	\$9.2	\$26.3	\$50,567	3.6	375.4	4.3	4.4
2022	455,123	1,371	456	154.9	1,402	\$9.6	\$27.7	\$51,086	3.5	376.5	4.4	4.6
2023	458,380	1,349	462	156.2	1,413	\$10.1	\$29.2	\$51,652	3.4	377.7	4.5	4.7
2024	461,519	1,236	467	157.5	1,426	\$10.7	\$30.7	\$52,273	3.3	378.9	4.6	4.9
2025	464,715	1,303	472	158.8	1,382	\$11.2	\$32.3	\$52,807	3.1	380.1	4.7	4.9
2026	467,827	1,233	476	160.1	1,367	\$11.8	\$33.8	\$53,273	3.1	381.4	4.8	4.9
2027	471,004	1,314	481	161.4	1,377	\$12.4	\$35.3	\$53,740	3.0	382.6	4.9	5.0
2028	474,092	1,243	485	162.6	1,439	\$13.1	\$36.9	\$54,056	3.3	383.8	5.0	5.0
2029	477,266	1,342	489	164.0	1,423	\$13.7	\$38.6	\$54,395	3.1	385.0	5.1	5.0
2030	480,348	1,261	492	165.3	1,412	\$14.4	\$40.2	\$54,749	3.0	386.2	5.3	5.0
2031	483,481	1,326	496	166.6	1,381	\$15.1	\$42.0	\$55,124	2.9	387.4	5.4	4.9
2032	486,518	1,247	500	167.8	1,372	\$15.9	\$43.7	\$55,408	3.1	388.6	5.5	4.9
2033	489,596	1,311	503	169.1	1,351	\$16.8	\$45.6	\$55,861	2.7	389.9	5.6	4.9
2034	492,564	1,223	507	170.3	1,338	\$17.7	\$47.5	\$56,252	2.9	391.1	5.8	4.9
2035	495,548	1,265	510	171.6	1,304	\$18.6	\$49.6	\$56,606	3.0	392.3	5.9	5.0
2036	498,390	1,149	514	172.8	1,290	\$19.6	\$51.7	\$56,828	3.4	393.5	6.0	5.0
2037	501,242	1,189	517	174.0	1,258	\$20.5	\$54.0	\$57,023	3.5	394.7	6.1	4.9
2038	503,944	1,074	520	175.1	1,232	\$21.4	\$56.4	\$57,317	3.3	395.9	6.3	4.9
2039	506,652	1,114	523	176.3	1,200	\$22.3	\$58.9	\$57,539	3.5	397.1	6.4	4.9
2040	509,217	1,005	526	177.4	1,175	\$23.2	\$61.4	\$57,797	3.4	398.3	6.6	4.9
2041	511,789	1,042	529	178.4	1,144	\$24.1	\$64.1	\$58,134	3.2	399.5	6.7	4.9
2042	514,241	949	531	179.5	1,120	\$25.1	\$66.8	\$58,515	3.1	400.7	6.9	4.9
2043	516,719	1,004	534	180.5	1,090	\$26.0	\$69.6	\$58,926	3.0	401.9	7.0	4.9
2044	519,076	907	537	181.5	1,068	\$27.0	\$72.5	\$59,418	2.8	403.1	7.2	4.9
2045	521,460	959	539	182.5	1,039	\$28.0	\$75.5	\$59,824	3.0	404.3	7.3	4.9
2046	523,719	859	542	183.5	1,017	\$29.0	\$78.7	\$60,280	2.9	405.6	7.5	4.9
2047	526,012	916	544	184.4	988	\$30.1	\$81.9	\$60,741	2.9	406.8	7.7	4.9
2048	528,189	825	547	185.3	967	\$31.2	\$85.3	\$61,237	2.9	408.0	7.8	4.9
2049	530,408	888	549	186.2	939	\$32.3	\$88.9	\$61,756	2.9	409.2	8.0	4.9
2050	532,519	803	552	187.1	919	\$33.5	\$92.7	\$62,314	2.9	410.4	8.2	4.9

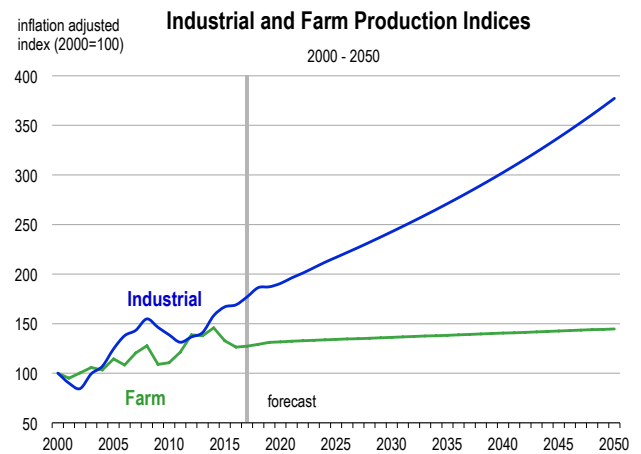
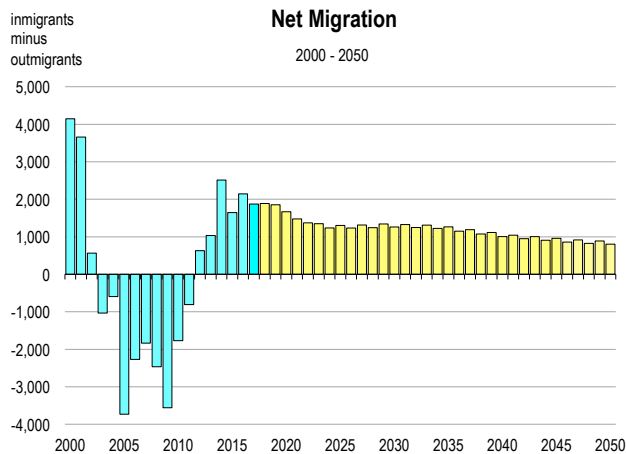
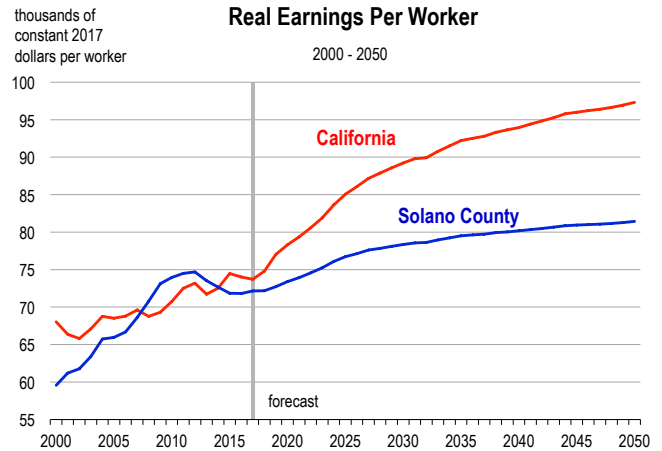
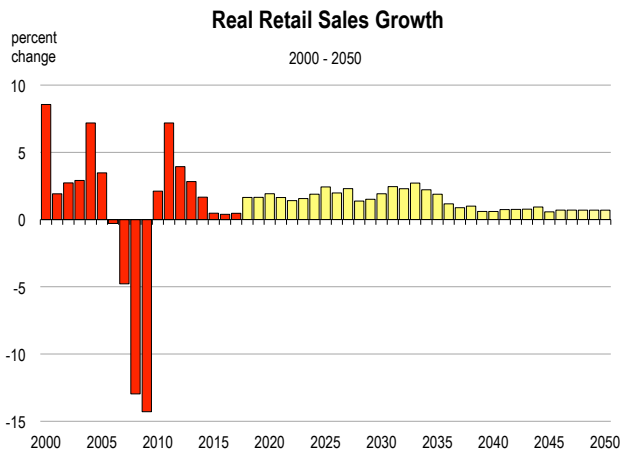


# Solano County Employment Forecast

## 2010-2017 History, 2018-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	employment (thousands of jobs)											
2010	121.0	1.39	7.2	9.7	4.2	20.6	5.2	9.7	1.3	20.1	13.0	24.9
2011	120.6	1.41	7.8	9.6	3.7	20.5	5.1	9.8	1.1	20.2	13.2	24.3
2012	122.7	1.49	8.1	10.0	3.6	21.2	5.0	9.8	1.1	20.8	13.4	24.1
2013	126.3	1.67	8.6	10.2	3.5	21.4	5.1	10.3	1.1	22.4	13.7	24.0
2014	129.4	1.79	8.3	11.0	4.0	21.8	4.8	10.4	1.1	23.1	14.3	24.4
2015	134.2	1.77	9.1	11.7	4.3	22.8	4.9	10.3	1.1	24.3	14.8	24.8
2016	137.8	1.77	10.3	11.9	4.5	22.8	5.1	10.2	1.1	25.7	15.1	25.2
2017	139.9	1.77	10.6	12.3	4.5	22.9	5.1	10.3	1.1	26.7	15.1	25.0
2018	141.9	1.79	11.0	12.4	4.5	23.1	5.1	10.5	1.1	27.4	15.3	25.2
2019	143.9	1.81	11.4	12.5	4.6	23.2	5.2	10.9	1.0	27.9	15.6	25.2
2020	145.2	1.81	11.6	12.6	4.6	23.3	5.2	11.1	1.0	28.2	15.8	25.2
2021	146.5	1.82	11.7	12.7	4.6	23.5	5.2	11.4	1.0	28.7	16.0	25.3
2022	147.7	1.82	11.7	12.8	4.7	23.6	5.2	11.6	1.0	29.1	16.3	25.4
2023	148.8	1.82	11.7	12.9	4.7	23.7	5.2	11.8	1.0	29.5	16.5	25.5
2024	150.0	1.83	11.8	12.9	4.7	23.9	5.2	12.0	1.0	29.9	16.6	25.6
2025	151.0	1.83	11.7	13.0	4.7	24.0	5.2	12.2	1.0	30.3	16.7	25.8
2026	152.1	1.83	11.7	13.1	4.7	24.2	5.2	12.4	1.0	30.7	16.9	26.0
2027	153.3	1.84	11.7	13.1	4.7	24.3	5.2	12.6	1.0	31.1	17.0	26.1
2028	154.7	1.84	11.8	13.2	4.8	24.4	5.2	12.8	0.9	31.7	17.1	26.3
2029	156.0	1.84	11.8	13.2	4.8	24.5	5.2	13.1	0.9	32.3	17.2	26.5
2030	157.4	1.85	11.8	13.3	4.8	24.7	5.2	13.3	0.9	32.9	17.3	26.8
2031	158.7	1.85	11.7	13.4	4.8	24.8	5.2	13.5	0.9	33.5	17.5	27.0
2032	160.0	1.86	11.7	13.4	4.8	24.9	5.2	13.7	0.9	34.1	17.6	27.2
2033	161.3	1.86	11.7	13.5	4.8	25.1	5.2	13.9	0.9	34.6	17.7	27.4
2034	162.5	1.86	11.7	13.5	4.8	25.2	5.2	14.1	0.9	35.1	17.9	27.6
2035	163.6	1.87	11.7	13.6	4.8	25.3	5.2	14.3	0.9	35.5	18.0	27.8
2036	164.6	1.87	11.7	13.6	4.8	25.4	5.2	14.5	0.9	36.0	18.1	27.9
2037	165.6	1.87	11.6	13.7	4.8	25.5	5.2	14.6	0.9	36.4	18.3	28.1
2038	166.5	1.88	11.6	13.7	4.8	25.6	5.2	14.8	0.8	36.8	18.4	28.2
2039	167.4	1.88	11.6	13.8	4.8	25.7	5.2	14.9	0.8	37.2	18.5	28.3
2040	168.3	1.88	11.5	13.8	4.8	25.7	5.2	15.1	0.8	37.5	18.7	28.5
2041	169.2	1.89	11.5	13.8	4.8	25.8	5.2	15.3	0.8	37.9	18.8	28.6
2042	170.1	1.89	11.5	13.9	4.8	25.9	5.2	15.4	0.8	38.3	19.0	28.7
2043	171.0	1.89	11.4	13.9	4.8	26.0	5.2	15.6	0.8	38.7	19.1	28.8
2044	171.9	1.90	11.4	14.0	4.8	26.0	5.2	15.8	0.8	39.1	19.3	28.9
2045	172.8	1.90	11.4	14.0	4.8	26.1	5.2	15.9	0.8	39.5	19.4	29.0
2046	173.8	1.91	11.3	14.1	4.8	26.2	5.2	16.1	0.8	39.9	19.6	29.1
2047	174.7	1.91	11.3	14.1	4.8	26.3	5.2	16.3	0.8	40.3	19.7	29.3
2048	175.7	1.91	11.3	14.2	4.8	26.3	5.2	16.4	0.8	40.8	19.9	29.4
2049	176.7	1.92	11.2	14.2	4.8	26.4	5.2	16.6	0.7	41.3	20.0	29.5
2050	177.7	1.92	11.2	14.3	4.8	26.5	5.2	16.8	0.7	41.8	20.2	29.6





## County Economic and Demographic Indicators

### Projected Economic Growth (2018-2023)

Expected retail sales growth:	8.5%
Expected job growth:	4.9%
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	9.3%

Expected population growth:	3.9%
Net migration to account for:	44.7%
Expected growth in number of vehicles:	7.8%

### Demographics (2018)

Unemployment rate (April 2018):	3.6%
County rank* in California (58 counties):	20th
Working age (16-64) population:	64.8%

Population with B.A. or higher:	25.4%
Median home selling price (2017):	\$395,000
Median household income:	\$73,975

### Quality of Life

Violent crime rate (2016):	466 per 100,000 persons
County rank* in California (58 counties):	38th
Average commute time to work (2018):	34 minutes

High School drop out rate (2017):	9.8%
Households at/below poverty line (2018):	9.9%

\* The county ranked 1st corresponds to the lowest rate in California